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8 March 1951

It was a pleasure to see you the other day, and I regret that unexpected developments prevented a longer visit together.

Since preparing the rough draft of comments on Chapter IV, which we gave you when you were here, we have read the remainder of this interesting paper and offer the following observations with respect to Chapter II, "Centralize for Action":

(a) The report states, "The problems of economic defense are not properly within the scope of this report." The recommendations include, however, the merger into the new over-all agency of export-import licensing, now lodged in the Department of Commerce. It makes no reference to the other possible measures of economic warfare or economic defense which are closely related to export licensing, such as foreign funds control, the ship warrant system, the navicert system, prevention of smuggling and evasion, interception of contraband including enemy exports, proclaimed listing, and preclusive buying. Is it proposed that the actual administration of such of these functions as the Government may undertake be "centralized and unified" into one over-all agency, as is proposed in the case of export-import licensing? This question is of concern to us because of the economic intelligence support which this Agency is called upon to furnish for such activities.

(b) The question of the administrative organization best suited for foreign economic relations is outside the purview of CIA, except as it relates to the important subject of intelligence requirements. In this, we do have an interest and a responsibility. We find no reference to intelligence requirements or to the organization necessary to meet those requirements, although economic intelligence is a large part of any foreign economic operation.

We have given some study to the intelligence requirements of our foreign economic operations and will be glad to discuss this subject with you further at your convenience if you so desire.

With cordial regards,

Sincerely,

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Assistant Director
Research and Reports

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